



STATE OF CONNECTICUT **NEWS RELEASE**

CONSUMER COUNSEL MARY J. HEALEY

Thursday, December 7, 2006

OCC Urges DPUC Not to Burden Consumers With Debt from a Deferred Rate Increase

The Office of Consumer Counsel (OCC) filed a brief with the Department of Public Utility Control (DPUC) today urging DPUC not to defer any of the rate increase for United Illuminating customers. A deferral is the regulatory equivalent of putting the UI rate increase on an interest-bearing credit card. According to DPUC estimates released in the recent hearing, deferring even a small part of the rate increase would cost UI customers millions of dollars, and significant deferrals could cost UI customers more than one hundred and fifty million dollars over ten years.

OCC, the state advocate for utility consumers, is as concerned as anyone about the enormous impacts that the UI rate increase will have on UI customers, and particularly on low-income customers. However, putting the rate increase on a "credit card" is, in our view, the wrong approach. Instead, the Legislature should consider using part of the state budget surplus to mitigate the hardship of rate increases for customers of both UI and of Connecticut Light and Power (CL&P). These electric rate increases affect Connecticut's economic climate as well as the health and well-being of Connecticut's most vulnerable citizens. These rate increases appear to be that "rainy day" that budget surpluses should be used to mitigate.

Deferring the rate increase would treat the increase like an unexpected anomaly, a one-time event that will not be repeated. However, in OCC's view, this rate increase in our "restructured" electric system is no surprise and will not be a one-time event. Until we fix restructuring, including by allowing UI and CL&P to own some power plants again, any deferral would be just be pancaked onto future rate increases and increase the pain for Connecticut customers.

A deferral does not get at the root cause of the electric price crisis, but rather hides the root cause. The cause of the rate increase is our "deregulated" electricity system and the broken electricity "markets" run by ISO-New England and approved by the Federal Energy Regulatory Commission (FERC). It is time to put deregulation in the dustbin with companies like Enron and to move back toward State oversight of electricity prices by having CL&P and UI own some power plants again.

OCC also supports other tools to reduce electricity prices, including greater utilization of energy efficiency in government, businesses and homes. Energy efficiency is a real investment for the future. By contrast, deferrals amount to mortgaging the future and hiding the truth. The truth is that deregulation of electricity is a failure. The sooner we move past deregulation and restore State oversight (including comprehensive planning), the better off we will be.

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